the case of Regional Rural Banks (RRBs), the target for lending to priority sector has been set at 60%. A large majority of the clientele of RRBs is comprised of small and marginal farmers. State Cooperative Banks (SCBs), District Central Cooperative Banks (DCCBs) and Primary Agricultural Credit Societies (PACSs) operate predominantly in rural areas and a large majority of their members are small and marginal farmers.

Following relaxations have been extended to small and marginal farmers under Priority Sectors:

- Banks have been advised to waive margin/security requirements for agricultural loans up to Rs.50,000.
- Total interest debited to the accounts of small and marginal farmers should not exceed the principal amount in respect of short-term advances.

Exempting exporters from VAT

766. SHRI B.J. PANDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the exporting community has asked for exempting them from VAT as the existing system of refund of input stage VAT is fraught with delays; and

(b) if so, the details thereof indicating the action plan of Government to address this issue?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) It is a fact that some of the States have received requests from the exporters for grant of exemption from payment of input tax in respect of goods exported.

2. State VAT, being a tax on sale or purchase of goods within a State, is a State subject by virtue of Entry 54 of State List of the Constitution. An Empowered Committee of State Finance Ministers (EC) has been constituted to deliberate upon and decide all matters concerning State VAT. The EC has decided that "For all exports made out of the country, tax paid within the States will be refunded in full, and this refund will be made within three months. Units located in SEZ and EOU will be granted exemption from payment of input tax or refund of the input tax paid within three months."

3. The EC and the States are generally not in favour of granted outright exemption from payment of input tax, since such exemptions are difficult to monitor and prone to misuse. The States, however, have been taking a number of steps to simplify the procedure for refunds and to expedite the process. Since VAT is a State subject, any decision on this issue can be taken by the States only.

Adequate bank credit to tribals

767. MS. MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) whether banks hesitate to lend to tribals in Central India;

(b) if so, what are the reasons for the same; and

(c) what steps his Ministry propose to take to ensure adequate bank credit to tribals in remote districts like Simdega, Gumla, Jaspur, Bastar, etc.?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) No, Sir. Banks are making efforts to lend to tribals in the State in Central India.

(c) Banks are taking the following steps to ensure adequate bank credit to tribals in remote districts of the country, including districts of Simdega, Gumla, Jaspur and Bastar:

(i) Bank branches located in tribal concentrated districts are periodically sensitized to lend to tribal beneficiaries under banks' schemes as well as Government sponsored schemes.

(ii) Regular monitoring of the performance of the branches of banks located in tribal concentrated disticts is done by the Zonal Offices.

(iii) Banks are actively participating in ongoing schemes for benefit of the tribal population. The implementation of these schemes are also monitored in the meetings of Block Level Bankers' Committee (BLBC), District Level Consultative Committee (DLCC) and State Level Banker's Committe (SLBC).